

1999 HOUSE NATURAL RESOURCES
HB 1085

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1085

House Natural Resources Committee

Conference Committee

Hearing Date 1/14/99

Tape Number	Side A	Side B	Meter #
3	X		1.6-40.4
Committee Clerk Signature <i>Kevin Karsel</i>			

Minutes:

SUMMARY OF THE BILL: A BILL FOR AN ACT to amend and reenact section 38-08.1-07 of the North Dakota Century Code, relating to penalties for violation of oil and gas laws, rules, and orders; and to provide a penalty.

Chairman Grosz opened the hearing on HB 1085 in the Pioneer Room. All committee members were present: Chairman Grosz, Vice-Chairman Henegar, Rep. Drovdal, Rep. Galvin, Rep. DeKrey, Rep. Nottestad, Rep. Nelson, Rep. Clark, Rep. Porter, Rep. Martinson, Rep. Hanson, Rep. Kelsh, Rep. Lundgren, Rep. Sandvig, Rep. Solberg.

Rep. Wald appeared in favor of HB 1085 and turned the podium over to Lynn Helms, Director of the NDIC Oil and Gas Division.

Mr. Helms appeared in favor of HB 1085. (See attached testimony)

Rep. Hanson questioned Mr. Helms on whether the current penalty was a class B misdemeanor.

Mr. Helms answered that the current penalty was a class B misdemeanor.

Mr. Helms and Rep. Hanson then had an exchange on the exact amount of the new penalty, as relating to HB 1085.

Rep. DeKrey asked about the size of the shot-holes.

Mr. Helms answered that the shot-holes are 3" in diameter, and that a normal shot-hole is approximately 60' deep, but that some can go as 120' deep. He then went into describing the process of digging the shot-holes.

Rep. Drovdal asked how many people have been fined in the last year under current law.

Mr. Helms answered that no one had been prosecuted under the current statutes, to this point.

Rep. Drovdal then asked if the bill had been passed two years ago, how many would have been penalized.

Mr. Helms deferred the question to Dave Vinden, Geological Supervisor, who then answered that probably no one would have been prosecuted, because most of the incidents are handled in other ways, without penalizing or prosecuting.

Rep. Nottestad asks what cuttings are.

Mr. Helms answered that the cuttings are the ground up soil, coal, etc.. that is circulated out of the hole, as it descends down, and that all of the cuttings are required to be put back into the hole, before it is plugged up.

Chairman Grosz makes a comment that the amendment to HB 1085 will broaden the laws.

Mr. Helms agreed with Chairman Grosz and then went on to describe why he felt the law should be broadened, to give his office better edification and authority.

Chairman Grosz asked whether the new rules would be subject to the administrative rules provision.

Mr. Helms answered that they were, in answer to Chairman Grosz, and then he noted that there would be no fiscal impact from the bill, in reference to a call he received about filling out a fiscal note.

Rep. Drovdal asked about fines and trespassing.

Mr. Helms answered that the procedures for trespassing and permits were being revised.

Page 4

House Natural Resources Committee

Bill/Resolution Number hb1085.lwp

Hearing Date 1/14/99

Chairman Grosz raised a concern that he had with the large administrative fines allowed in this bill, and felt that the agency would be a judge and jury.

Chairman Grosz then closed the hearing on HB 1085 without taking any action.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1085 - A

House Natural Resources Committee

Conference Committee

Hearing Date January 28, 1999

Tape Number	Side A	Side B	Meter #
2		X	
Committee Clerk Signature <i>Robin L. Small</i>			

Minutes: A BILL FOR AN ACT TO AMEND AND REENACT SECTION 38-08.1-07 OF THE NORTH DAKOTA CENTURY CODE. RELATING TO PENALTIES FOR VIOLATION OF OIL AND GAS LAWS, RULES, AND ORDERS; AND TO PROVIDE A PENALTY.

REPRESENTATIVE GROSZ: Introduces the amendment.

REPRESENTATIVE DEKREY: Motion to pass the amendment.

REPRESENTATIVE MARTINSON: Seconds the motion.

Roll Call: Motion carries by unanimous yeas

REPRESENTATIVE PORTER: I move Do Pass HB 1085 as amended

REPRESENTATIVE HENEGAR: Seconds the motion.

Roll Call: 11 Yeas, 1 Nay, 3 Absent

Carried to the Floor by Representative Galvin

FISCAL NOTE

JAN 4 1999

(Return original and 10 copies)

Bill/Resolution No.: HB 1085 Amendment to:

Requested by Legislative Council Date of Request: 12-29-98

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative: This legislative proposal is not expected to have any measurable impact on state, county, city or school district revenues or expenditures.

This proposal simply makes the penalties for violations of geophysical regulations consistent with the penalties for violations of oil and gas drilling/production/plugging regulations.

- 2. State fiscal effect in dollar amounts:

Table with 6 columns: 1997-99 Biennium (General Fund, Special Funds), 1999-2001 Biennium (General Fund, Special Funds), 2001-03 Biennium (General Fund, Special Funds). Rows: Revenues, Expenditures.

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: 0
b. For the 1999-2001 biennium: 0
c. For the 2001-03 biennium: 0

- 4. County, City, and School District fiscal effect in dollar amounts:

Table with 9 columns: 1997-99 Biennium (Counties, Cities, School Districts), 1999-2001 Biennium (Counties, Cities, School Districts), 2001-03 Biennium (Counties, Cities, School Districts). All values are 0.

If additional space is needed, attach a supplemental sheet.

Signed Lynn D Helms

Typed Name Lynn D. Helms

Date Prepared: 1/4/99

Department NDIC Oil & Gas Division

Phone Number 701 328 8020

98094.0101
Title.

Prepared by the Legislative Council staff for
Representative Wald
January 27, 1999

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1085

Page 1, line 9, replace "twelve" with "one"

Page 1, line 10, remove "five hundred"

Renumber accordingly

Please type or use black pen to complete

Date 1-28-99

Roll call vote # _____

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1085

House Natural Resources Committee

- Subcommittee on _____
 - Conference Committee
- } Identify or check where appropriate

Legislative Council Amendment Number _____

Action Taken No Pass on HB 1085 as amended

Motion Made By Rep Porter Seconded By Rep Henegar

Representatives	Yes	No	Representatives	Yes	No
<u>Mick Spay</u>	X		<u>Norwan Solberg</u>		
<u>Dale Henegar</u>	X				
<u>Byron Clark</u>					
<u>Wm. DeGray</u>	X				
<u>David Stordal</u>		X			
<u>Pat Halvin</u>	X				
<u>Gon Martinson</u>	X				
<u>Gon Nelson</u>	X				
<u>Harrell Hottelstad</u>	X				
<u>Edl Porter</u>	X				
<u>Lyle Hanson</u>	X				
<u>Scott Kyles</u>					
<u>Del Lundgren</u>	X				
<u>Sally Sandvig</u>	X				

Total 11 1
(Yes) (No)

Absent 3

Floor Assignment Representative Halvin

If the vote is on an amendment, briefly indicate intent:

DO NOT USE HIGHLIGHTER ON ANY FORMS

1999 SENATE NATURAL RESOURCES

HB 1085

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1085

Senate Natural Resources Committee

Conference Committee

Hearing Date February 25, 1999

Tape Number	Side A	Side B	Meter #
1	x		611-1600
Committee Clerk Signature <i>Sylvia S. Hagen</i>			

Minutes:

SENATOR TRAYNOR opened the hearing on HB1085: A BILL FOR AN ACT TO AMEND AND REENACT SECTION 38-08.1-07 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO PENALTIES FOR VIOLATION OF OIL AND GAS LAWS, RULES, AND ORDERS; AND TO PROVIDE A PENALTY.

LYNN HELMS, NDIC, Oil and Gas Division, explained the bill. (See attached testimony) If a fine is levied, there are opportunities for someone who is fined to appeal to the courts or negotiate a stipulation with the Oil and Gas Division for less than that fine amount. The money obtained from a fine goes directly back to the county, if the county district attorney gets involved. If a different fine is stipulated and it is agreed upon by the person fined, and if they pay the fine under administrative practices, it goes into the general fund. There is no direct benefit for the oil and gas division to levy huge fines. What we are seeking is some flexibility to

work with the person and motivate them to comply with our rules, because we do not have that under the existing rules.

SENATOR TRAYNOR stated the imposition of the civil penalty is discretionary with the commission, and you would enforce it by going through the district court. In that event would the district court review the action taken by the commission.

LYNN HELMS replied yes. An example of a noncompliance was by the out-of-state oil company who directed their survey crew to do something that didn't comply with our statutes. When the contractor performed the 3-D survey, according to the way they were directed, they were not in compliance and they were the ones that suffered the \$25,000 per day fine by being shut down. This would allow us to go back and levy the \$1,000 per day fine against the client company who was the party at fault, as opposed to incorrectly penalizing a local ND contractor for following the orders of the client company. We are seeking that flexibility and that ability to direct the penalty towards the right party.

SENATOR TRAYNOR stated this bill does not say that the district court reviews the action of the commission, but I assume that is covered under the administrative procedures act.

LYNN HELMS replied yes.

SENATOR REDLIN asked if we are dealing totally and exclusively with seismic operations.

LYNN HELMS replied yes.

SENATOR TRAYNOR closed the hearing on HB1085.

SENATOR HEITKAMP moved for a DO PASS, seconded by SENATOR FISCHER. Roll call vote indicated 6 YEAS, 0 NAYS, 0 Absent and not voting. SENATOR CHRISTMANN

volunteered to carry the bill.

Date: 2-25-99

Roll Call Vote #: /

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1085

Senate Natural Resources Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Heitkamp Seconded By Fischer

Senators	Yes	No	Senators	Yes	No
Senator John T. Traynor, Chr	✓				
Senator Tom Fischer, Vice Chr	✓				
Senator Randel Christmann	✓				
Senator Layton Freborg	✓				
Senator Joel C. Heitkamp	✓				
Senator Rolland W. Redlin	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Christmann

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 25, 1999 1:49 p.m.

Module No: SR-34-3585
Carrier: Christmann
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1085, as engrossed: Natural Resources Committee (Sen. Traynor, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1085 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY
HB 1085

House Bill 1085
House Natural Resources Committee
N.D.I.C. Oil and Gas Division -
Geophysical Regulation

“Penalty for failure to comply”

Thursday, January 14, 1999
1:00 P.M.

Testimony
By Lynn Helms
Director – N.D.I.C. Oil and Gas Division

House Bill 1085
House Natural Resources Committee
Testimony by
Lynn Helms
Director
Oil and Gas Division
North Dakota Industrial Commission

Mr. Chairman and members of the committee, my name is Lynn Helms and I am the Director of the Oil and Gas Division of the North Dakota Industrial Commission.

The Industrial Commission (NDIC) is the oil and gas regulatory commission for the state of North Dakota. The Oil and Gas Division has been the agency that provides the technical expertise needed for the creation and enforcing statutes, rules, regulations, and orders of the North Dakota Industrial Commission pertaining to geophysical exploration since July 1, 1997.

During the 17 months that we have regulated geophysical exploration there have been several instances of non-compliance ranging from minor things like delinquent reporting to something as serious as drilling of 19 seismic shot holes closer to private water wells and springs than the required statutory distances allowed (1,320 feet).

Under the current statute, section 38-08.1-7 NDCC ("Penalty for failure to comply") the only penalty available for a geophysical contractor who does not comply with NDIC rules is to revoke the project permit.

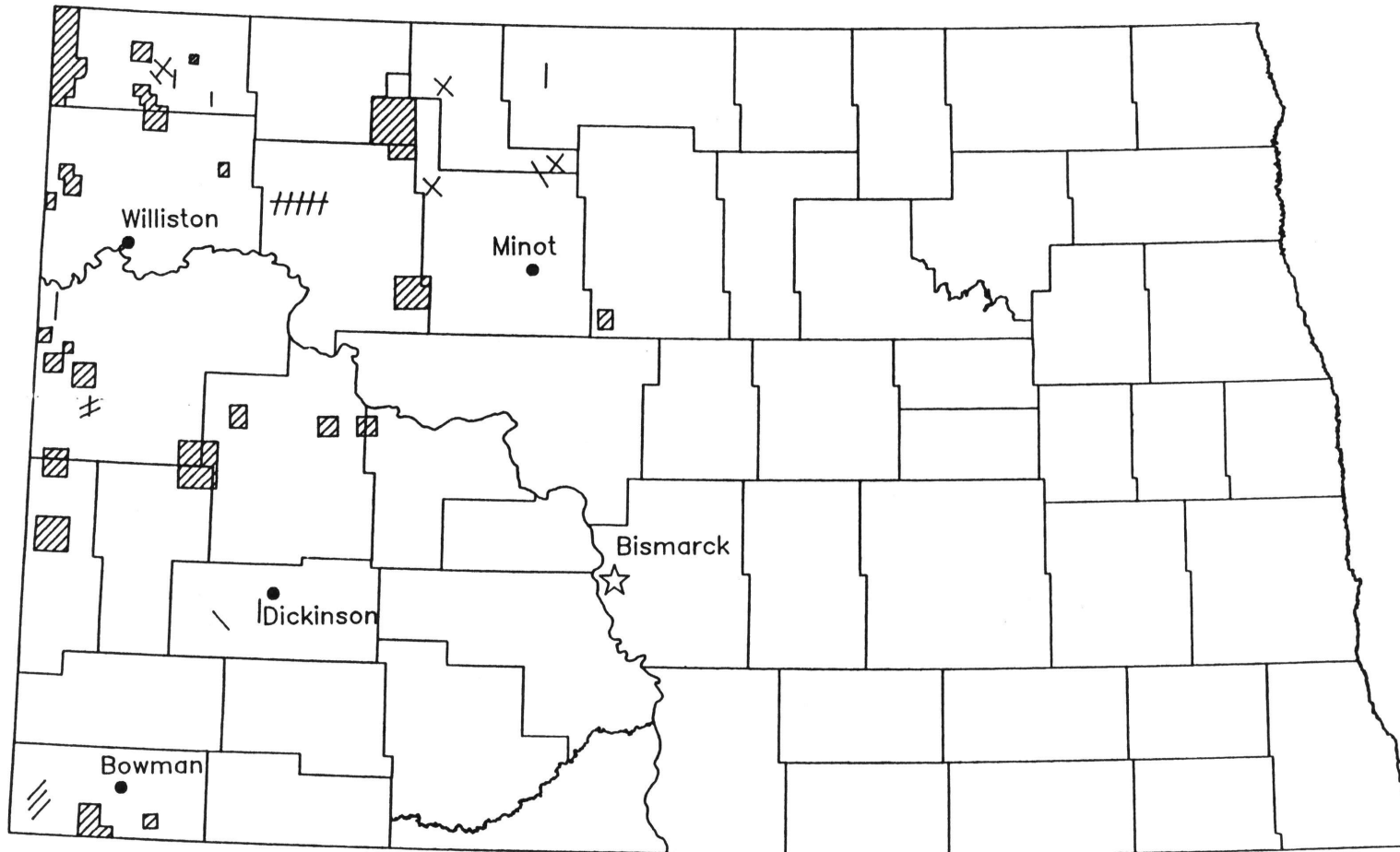
This penalty is excessive in most cases. The estimated cost of three-dimensional seismic acquisition is approximately \$25,000 per day.


In some cases this penalty may not be severe enough.


The proposed amendment will make the penalty for failure to comply with geophysical regulations consistent with the penalty for failure to comply with oil and gas drilling/production/plugging and reclamation regulations.

This amendment will also make the NDCC more consistent and improve government-public-industry relations.

SEISMIC PROGRAMS PERMITTED SINCE 7-1-97



 3-D SURVEY.

 2-D SURVEY

Geophysical Regulation Fact Sheet

Bonds

- 12 Geophysical contractor bonds \$50,000
- 29 Drilling and plugging contractors \$10,000 or \$15,000

Permit Status

- 43 Programs permitted
- 38 Programs completed
- 2 have not yet been drilled (late fall 98)
- 2 currently in progress
- 1 permit cancelled by operator

Completed Programs

- 35 Explosive shot hole source programs
- 3 Vibrator source programs
- 40,000 Source points (shot holes and vibrator contacts)
- 24 Three dimensional (3-D) surveys
 - 552 Square miles
- 14 Two dimensional (2-D) surveys
 - 144 Linear miles

Progression of a Seismic Survey

1. Landmen permit surface owners with regard to surface damages and location concerns.
2. Land surveyors define receiver lines and shot hole placement.
3. State permit approval
4. General Pre-program meeting between subcontractors, seismic companies and states field representative.
5. Drilling, loading, and plugging commence.
6. Receiver lines are laid.
7. Shooting and recording operations commence.
8. Clean up and reclamation.
9. Final state inspection and bond release.

NDIC Oil and Gas Division – Geophysical Regulation Procedures

- I. Company Registration
 - A. The Secretary of States office must approve any geophysical contractor and / or drilling and plugging subcontractor in order to conduct business in the state of North Dakota.
 - B. The North Dakota Industrial Commission Oil and Gas Division has recently acquired access to the Secretary of States database enabling our agency to continuously monitor the status of all companies conducting geophysical exploration in North Dakota.
 - C. Any company conducting seismic work in the state must file with the Commission, an organizational report.
- II. Bonding
 - A. Geophysical Exploration companies are required to file a surety or cash/CD bond
 1. Explosive operations (shot hole detonation) \$50,000
 2. Non-explosive operations (vibrator, shakers, thumpers) \$25,000
 - B. Drilling and plugging subcontractors are required to file a \$10,000 drilling and plugging surety or cash/CD bond.
- III. Application for a geophysical exploration permit
 - A. Permit application, pre-plot map, and \$100 fee processed
 - B. Additional information is requested on an interoffice check sheet including:
 1. Pre-program seismic company contacts
 2. Commission, county, and surface owner notifications are stressed.
 3. Pre-program field meeting is required with our seismic field representative
 4. Identify drill types (auger, conventional, heliportable)
 5. Identify special field conditions (topography, surface and subsurface lithology)
 6. Emergency precautions
 7. Special plugging procedures that may be encountered
 8. Post-program company contact for surface damages and owner complaints
 - C. Permit Approval
 1. Unconditional
 2. Conditional
 - a) Supplemental information needed to complete office file
 - D. County Notification
 1. Copy of permit and pre-plot map mailed or faxed to county auditor or representative
 2. Program name and geophysical contractor
 3. Permit date and expiration date
 4. Note that a geophysical exploration permit is good for a period of 1 year.
- IV. Seismic completion report
 - A. Trouble hole identification
 1. Blowouts
 2. Flowing holes
 3. Undetonated charges
 - B. Emergency plugging procedures

- C. Post plot map
 - 1. Exact location of seismic source points
 - 2. Exact location of receiver lines
 - 3. Highlighted trouble shot holes
 - a) flowing holes
 - b) undetonated charges
 - c) blowouts
- D. Notarized affidavits stating all work was performed pursuant to NDCC 38-08.1 and NDAC 43-02-12.

V. Seismic holeplugging reports

- A. Identify source line and source point numbers for cross reference with post plot map
- B. Shot hole depth
- C. Charge size
- D. Plugger identification and permit number
- E. Hole conditions encountered and associated plugging problems
- F. Notarized affidavit stating all work was performed pursuant to NDCC 38-08.1 and NDAC 43-02-12.

VI. Field Inspection Procedures

- A. Pre-program meeting
 - 1. Provide geophysical company with rules and regulations
 - 2. Review our standard inspection procedures
 - 3. Prepare emergency procedures
 - 4. Familiarize subcontractors with state field inspector
 - 5. Answer questions regarding established policy
 - 6. Develop a team working relationship
 - 7. Explain reasoning behind our rules and regulations
- B. Drilling and plugging operations
 - 1. Observe drillers
 - a) Hole conditions are largely dependent upon drilling equipment and rate
 - b) Monitor pace between driller and plugging crew
 - 2. Observe pluggers
 - a) Monitor proper plugging procedures
 - b) Evaluate plugging material and ensure proper tools are available
 - c) Surface plug identification and location setting
 - d) Surface appearance, settling, mounding, spreading of cuttings for vegetation growth
- C. Shooting and recording operations
 - 1. Identify problem holes
 - a) Post shot flowing holes (surface seepage)
 - b) Blowouts, craters, mounds
 - c) Undetonated charges (dead caps, wire)
 - 2. Surface reclamation and clean-up
 - a) Ensure cap wire is cut below ground level
 - b) All flagging, lath, and garbage must be removed from the prospect
 - c) Powder magazine site must be reclaimed

D. Initial Post Shot Inspection (IPSI)

1. Physically inspect problem areas
2. Compare physical inspection with required completion and plugging reports
3. Inspect surface reclamation
4. Communicate with county and local officials
5. Contact surface owners
6. If problems are found, conduct a "ride-along" with the contractor/sub-contractor
7. Re-drill to surface hat on suspect holes or at random
8. Rectify problem areas with geophysical contractor

E. Annual Post Shot Inspection (APSI)

1. Similar to IPSI with less detail
2. Visual observations on vegetation growth
3. Effects on springs, sloughs, water holes, water levels
4. Erosion problems
5. Settling of shot holes

F. Requested Post Shot Inspection (RPSI)

1. Inspection of problem areas requested by:
 - a) Surface owner or tenant
 - b) County auditor, representative, Commission
 - c) Other government entities or political sub-divisions

VII. Program release

- A. Review field inspectors reports
- B. Consult with county officials
- C. Review any surface owner or tenant complaints
- D. Verify that all required forms have been submitted and approved
- E. Conduct on-site inspection with supervisor
- F. Inspector and supervisor approval in writing
- G. Release program

VIII. Bond Release

- A. Review all programs covered by the bond
- B. Release obligation pursuant to NDCC 38-08.1
- C. Release liability
 1. Old statutory limit – 6 years
 2. New statutory limits – 6 years geophysical 2 years drilling and plugging

House Bill 1085
Senate Natural Resources
Committee
N.D.I.C. Oil and Gas Division -
Geophysical Regulation

“Penalty for failure to comply”

Thursday, February 25, 1999
10:00 A.M.

Testimony
By Lynn Helms
Director – N.D.I.C. Oil and Gas Division

House Bill 1085
Senate Natural Resources Committee
Testimony by
Lynn Helms
Director
Oil and Gas Division
North Dakota Industrial Commission

Mr. Chairman and members of the committee, my name is Lynn Helms and I am the Director of the Oil and Gas Division of the North Dakota Industrial Commission.

The Industrial Commission (NDIC) is the oil and gas regulatory commission for the state of North Dakota. The Oil and Gas Division has been the agency that provides the technical expertise needed for the creation and enforcing statutes, rules, regulations, and orders of the North Dakota Industrial Commission pertaining to geophysical exploration since July 1, 1997.

During the 19 months that we have regulated geophysical exploration there have been several instances of non-compliance ranging from minor things like delinquent reporting to something as serious as drilling of 19 seismic shot holes closer to private water wells and springs than the required statutory distances allowed (1,320 feet).

Under the current statute, section 38-08.1-7 NDCC ("Penalty for failure to comply") the only penalty available for a geophysical contractor who does not comply with NDIC rules is to revoke the project permit.

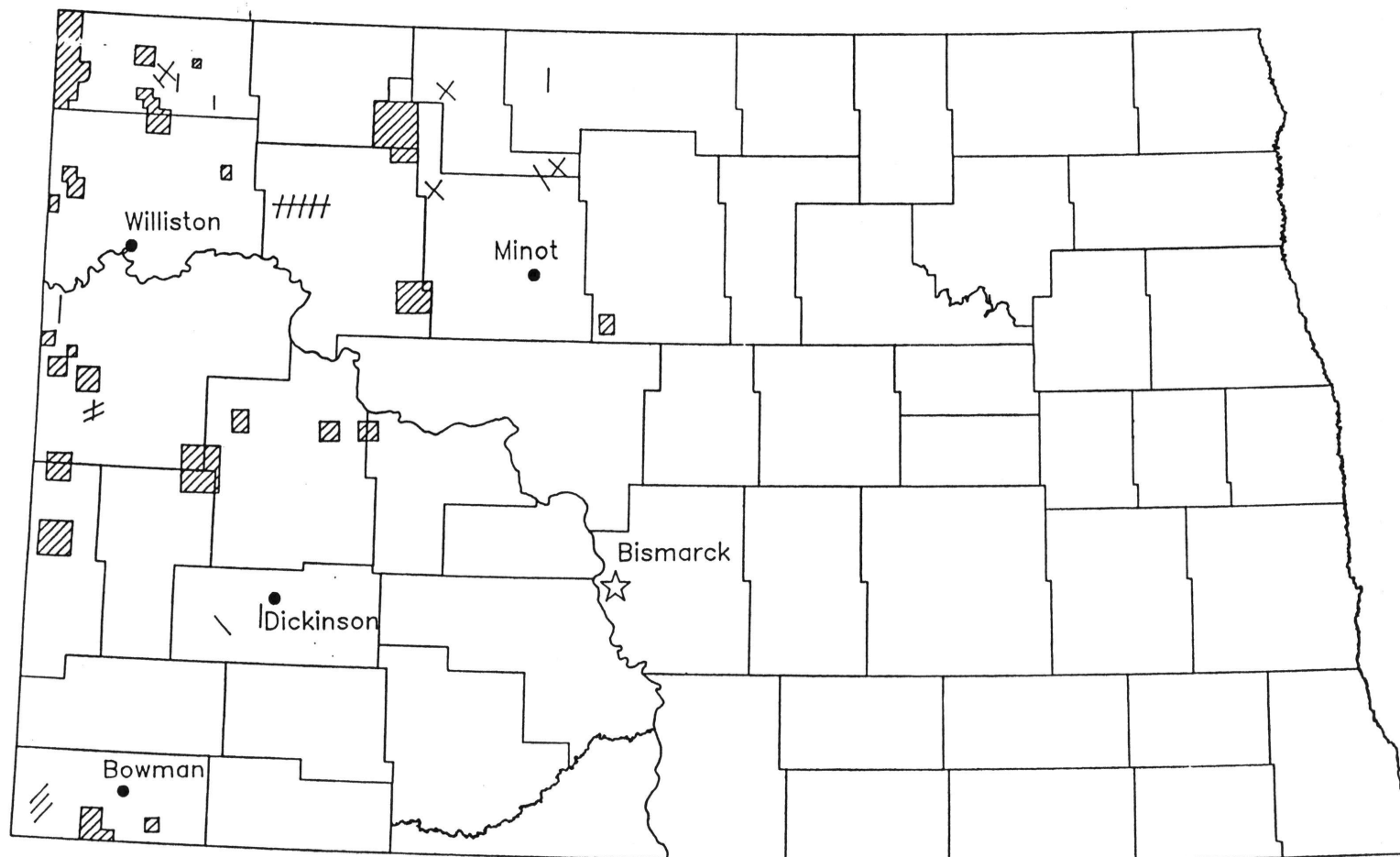
This penalty is excessive in most cases. The estimated cost of three-dimensional seismic acquisition is approximately \$25,000 per day.


In some cases this penalty may not be severe enough.


The proposed amendment will make the penalty for failure to comply with geophysical regulations more consistent with the penalty for failure to comply with oil and gas drilling/production/plugging and reclamation regulations.

This amendment will also make the NDCC more consistent and improve government-public-industry relations.

SEISMIC PROGRAMS PERMITTED SINCE 7-1-97



 3-D SURVEY

 2-D SURVEY

Geophysical Regulation Fact Sheet

Bonds

- 12 Geophysical contractor bonds \$50,000
- 29 Drilling and plugging contractors
\$10,000 or \$15,000

Permit Status

- 43 Programs permitted
- 40 Programs completed
- 2 have not yet been drilled (spring 99)
- 1 permit cancelled by operator

Completed Programs

- 37 Explosive shot hole source programs
- 3 Vibrator source programs
- 40,000 Source points (shot holes and vibrator contacts)
- 26 Three dimensional (3-D) surveys
 - 572 Square miles
- 14 Two dimensional (2-D) surveys
 - 144 Linear miles

County Permit Totals

- Billings (1)
- Bottineau (3)
- Bowman (6)
- Divide (8) *
- Dunn (3) *
- Golden Valley (2)
- McHenry (2)
- McKenzie (8) *
- Mercer (1)
- Mountrail (3) *
- Renville (3) *
- Stark (1)
- Ward (4) *
- Williams (4) *
- *Multiple county permits

Progression of a Seismic Survey

1. Landmen permit surface owners with regard to surface damages and location concerns.
2. Land surveyors define receiver lines and shot hole placement.
3. State permit approval
4. General Pre-program meeting between subcontractors, seismic companies and states field representative.
5. Drilling, loading, and plugging commence.
6. Receiver lines are laid.
7. Shooting and recording operations commence.
8. Clean up and reclamation.
9. Final state inspection and bond release.

NDIC Oil and Gas Division – Geophysical Regulation Procedures

- I. Company Registration
 - A. The Secretary of States office must approve any geophysical contractor and / or drilling and plugging subcontractor in order to conduct business in the state of North Dakota.
 - B. The North Dakota Industrial Commission Oil and Gas Division has recently acquired access to the Secretary of States database enabling our agency to continuously monitor the status of all companies conducting geophysical exploration in North Dakota.
 - C. Any company conducting seismic work in the state must file with the Commission, an organizational report.

- II. Bonding
 - A. Geophysical Exploration companies are required to file a surety or cash/CD bond
 1. Explosive operations (shot hole detonation) \$50,000
 2. Non-explosive operations (vibrator, shakers, thumpers) \$25,000
 - B. Drilling and plugging subcontractors are required to file a \$10,000 drilling and plugging surety or cash/CD bond.

- III. Application for a geophysical exploration permit
 - A. Permit application, pre-plot map, and \$100 fee processed
 - B. Additional information is requested on an interoffice check sheet including:
 1. Pre-program seismic company contacts
 2. Commission, county, and surface owner notifications are stressed.
 3. Pre-program field meeting is required with our seismic field representative
 4. Identify drill types (auger, conventional, heliportable)
 5. Identify special field conditions (topography, surface and subsurface lithology)
 6. Emergency precautions
 7. Special plugging procedures that may be encountered
 8. Post-program company contact for surface damages and owner complaints
 - C. Permit Approval
 1. Unconditional
 2. Conditional
 - a) Supplemental information needed to complete office file
 - D. County Notification
 1. Copy of permit and pre-plot map mailed or faxed to county auditor or representative
 2. Program name and geophysical contractor
 3. Permit date and expiration date
 4. Note that a geophysical exploration permit is good for a period of 1 year.

- IV. Seismic completion report
 - A. Trouble hole identification
 1. Blowouts
 2. Flowing holes
 3. Undetonated charges
 - B. Emergency plugging procedures

- C. Post plot map
 - 1. Exact location of seismic source points
 - 2. Exact location of receiver lines
 - 3. Highlighted trouble shot holes
 - a) flowing holes
 - b) undetonated charges
 - c) blowouts
 - D. Notarized affidavits stating all work was performed pursuant to NDCC 38-08.1 and NDAC 43-02-12.
- V. Seismic holeplugging reports
- A. Identify source line and source point numbers for cross reference with post plot map
 - B. Shot hole depth
 - C. Charge size
 - D. Plugger identification and permit number
 - E. Hole conditions encountered and associated plugging problems
 - F. Notarized affidavit stating all work was performed pursuant to NDCC 38-08.1 and NDAC 43-02-12.
- VI. Field Inspection Procedures
- A. Pre-program meeting
 - 1. Provide geophysical company with rules and regulations
 - 2. Review our standard inspection procedures
 - 3. Prepare emergency procedures
 - 4. Familiarize subcontractors with state field inspector
 - 5. Answer questions regarding established policy
 - 6. Develop a team working relationship
 - 7. Explain reasoning behind our rules and regulations
 - B. Drilling and plugging operations
 - 1. Observe drillers
 - a) Hole conditions are largely dependent upon drilling equipment and rate
 - b) Monitor pace between driller and plugging crew
 - 2. Observe pluggers
 - a) Monitor proper plugging procedures
 - b) Evaluate plugging material and ensure proper tools are available
 - c) Surface plug identification and location setting
 - d) Surface appearance, settling, mounding, spreading of cuttings for vegetation growth
 - C. Shooting and recording operations
 - 1. Identify problem holes
 - a) Post shot flowing holes (surface seepage)
 - b) Blowouts, craters, mounds
 - c) Undetonated charges (dead caps, wire)
 - 2. Surface reclamation and clean-up
 - a) Ensure cap wire is cut below ground level
 - b) All flagging, lath, and garbage must be removed from the prospect
 - c) Powder magazine site must be reclaimed

D. Initial Post Shot Inspection (IPSI)

1. Physically inspect problem areas
2. Compare physical inspection with required completion and plugging reports
3. Inspect surface reclamation
4. Communicate with county and local officials
5. Contact surface owners
6. If problems are found, conduct a "ride-along" with the contractor/sub-contractor
7. Re-drill to surface hat on suspect holes or at random
8. Rectify problem areas with geophysical contractor

E. Annual Post Shot Inspection (APSI)

1. Similar to IPSI with less detail
2. Visual observations on vegetation growth
3. Effects on springs, sloughs, water holes, water levels
4. Erosion problems
5. Settling of shot holes

F. Requested Post Shot Inspection (RPSI)

1. Inspection of problem areas requested by:
 - a) Surface owner or tenant
 - b) County auditor, representative, Commission
 - c) Other government entities or political sub-divisions

VII. Program release

- A. Review field inspectors reports
- B. Consult with county officials
- C. Review any surface owner or tenant complaints
- D. Verify that all required forms have been submitted and approved
- E. Conduct on-site inspection with supervisor
- F. Inspector and supervisor approval in writing
- G. Release program

VIII. Bond Release

- A. Review all programs covered by the bond
- B. Release obligation pursuant to NDCC 38-08.1
- C. Release liability
 1. Old statutory limit – 6 years
 2. New statutory limits – 6 years geophysical 2 years drilling and plugging